

Debtors' Motion for an Order Authorizing Chemtura Corporation to Enter into a Postpetition Guarantee with Saudi Industrial Development Fund with Respect to Certain Obligations of Gulf Stabilizers Industry, Limited Pursuant to Section 364(b) of the Bankruptcy Code (the "GSI Motion").

By the GSI Motion, the Debtors seek entry of an order authorizing Chemtura Corporation ("Chemtura") to incur unsecured debt outside of the ordinary course of business as an administrative expense in the form of a guaranty of certain obligations of Gulf Stabilizers Industries, Limited ("GSI"), a joint venture based in Jubail, Saudi Arabia.

Chemtura and its Debtor and non-debtor affiliates (collectively, the "Company") operate eight different business units, one of which is the Antioxidants and UV Stabilizers Business (the "AO/UV Business"). Certain operations of the AO/UV Business are conducted through GSI. Chemtura Europe GmbH ("Chemtura Europe"), an indirect non-debtor subsidiary of Chemtura, owns 49% of GSI, and Abdulla Al-Zamil & Brothers Company ("Al Zamil"), a Saudi Arabian entity, owns the remaining 51%. GSI is governed by the terms and conditions of a Joint Venture Agreement (the "JV Agreement"), dated as of July 3, 1998 between Al Zamil and Great Lakes Chemical Corporation ("GLCC"). In 2009, GSI had net sales of approximately \$42 million. The Company expects an increase in sales by GSI and a gain in market share within the next several years.

GSI has stand-alone sources of financing through the Saudi American Bank ("SAMBA") and the Saudi Industrial Development Fund ("SIDF"). GSI may borrow up to 26,250,000 SAR (Saudi Riyals)¹ pursuant to a Credit Agreement, dated as of February 13, 2008, among GSI and SAMBA. In addition, GSI may borrow up to 106,731,000 SAR pursuant to a Loan Agreement, dated as of May 6, 2008, between GSI and SIDF (the "SIDF Loan Agreement" and such financing, the "SIDF Facility"). As of February 19, 2010, the SIDF Facility had an outstanding principal balance of approximately 77 million SAR. The JV Agreement provides that the SIDF Facility must be guaranteed by members of the joint venture (or in the case of Chemtura Europe, by an affiliate) in an amount equal to such member's ownership interest in GSI. Accordingly, the SIDF Loan Agreement is subject to an irrevocable and unconditional guaranty by Chemtura (the "Prepetition Guarantee"). The Debtors assert that, to date, Chemtura has never had to pay any amounts under the Prepetition Guarantee.

SIDF has expressed concerns over Chemtura's ability to honor the Prepetition Guarantee because of the Debtors' chapter 11 cases and has suspended all disbursements under the SIDF Loan Agreement. The Debtors require additional disbursements under the SIDF Facility to expand and modify GSI's factory in Jubail. Accordingly, the Debtors engaged in arm's length negotiations with SIDF pursuant to which SIDF will release 11.6 million SAR to GSI if Chemtura replaces the Prepetition Guarantee with a new irrevocable and unconditional postpetition guarantee (the "Postpetition Guarantee"). The Debtors believe that entering into the Postpetition Guarantee is necessary to preserve the value of the Debtors' estates and preserve the AO/UV Business. Moreover, the Debtors' amended and restated debtor in possession financing

¹ According to the Debtors, as of February 19, 2010, one SAR is equal to approximately \$0.26.

facility permits the Debtors to enter into guarantees of loan obligations of GSI not to exceed \$12 million.

The key terms of the Postpetition Guarantee are as follows:

- Chemtura irrevocably and unconditionally guarantees to SIDF the payment by GSI of all moneys required to be paid under the SIDF Loan Agreement and any other related agreements. Chemtura's liability will be several but not joint, and will not exceed 49% of the balance outstanding under the SIDF Loan Agreement.

- The Postpetition Guarantee is to be an absolute and continuing guarantee and, accordingly, will remain in operation until all moneys owing in respect to the SIDF Loan Agreement have been repaid or satisfied.

- The Postpetition Guarantee will replace the Prepetition Guarantee.

The GSI Motion has been scheduled for hearing on March 9, 2010 at 9:45 a.m. (ET), with a corresponding objection deadline of March 2, 2010 at 4:00 p.m. (ET).